TO: TRISH ALLEYNE-CHIN
FROM: LISA BAUTISTA
SUBJECT: MERIT "GETTTING AWAY" EXPECTED RESPONSE

"Getting Away" is a direct mail program targetted at 10 groups (see Fulfillment Information Form and P.O. Box Request). Five of the groups are eligible to receive the premiums listed below with the corresponding pack UPC requirements. Total circulation for these 5 groups is 600,000. MSA was asked to provide an estimate of the expected response to each of the premiums and to the program. The premiums offered and the pack UPCs required are:

Atlas	20 UPCs
Bag	60 UPCs
Jacket	75 UPCs

Historically, the average %response for direct mail programs with pack requirement for all brands is 11% (based on 19 programs) and for direct mail programs with pack requirement for premium brands, 14% (based on 21 programs). At the premium level, the average %response for direct mail pack for all brands is 2% (based on 92 premiums) and for direct mail pack for premium brands, 5% (based on 59 premiums). The average pack UPC requirements for the premium offers were 32 and 40, respectively.

Based on the current available data (see Philip Morris Fulfillment Response by Brand/Program thru April, 1993) on direct mail programs with pack requirement for premium brands, the average %response for clothing (based on 12 programs offering jacket or denim shirt requiring 80 UPCs), is from 0.6% to 2.6%. For bags with UPC requirements ranging from 40 to 80 UPCs (6 premium offers), the average %response ranges from 1.7% to 6% . For the data we currently have, there has been no similar programs where an atlas was offered. In its absence, I looked at the average %response to premiums requiring 20 or 25 UPCs (10 premium offers namely a watch, book of days, cigarette case, t-shirt, sweatshirt, sweat pants) and this ranges from 1.9% to 5.7%.

Based on the available information on how similar programs and premiums have performed in the past, the estimated average %responses are:

- Atlas 4%-5%
- Bag 3%-4%
- Jacket 2%-3%

For the total program the estimate is 9%-12%.

To estimate the response for each of the 5 groups, I am assuming that the more loyal the group is to Merit, the higher the response. Lacking any historical information on their redemption patterns, I will [redacted] assume that 50% of total %response is from the Ultra Loyal groups, 40% from the Loyal groups and 10% from the Vulnerable Group. Based on this assumption, the estimated %response for the 5 groups is as follows:

- Group 1 (Ultra Loyal)	2.25%-3%
- Group 2 (Ultra Loyal-Test)	2.25%-3%
- Group 3 (Loyal)	1.8%-2.4%
- Group 4 (Loyal-Test)	1.8% -2.4%
- Group 5 (Vulnerable)	0.9%-1.2%

Please call if you have any questions.

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